

Chapter 2

FINANCIAL AND RESOURCE MANAGEMENT

Introduction

The recommendations in this chapter address the estimating, budget planning, resource distribution, and execution of Superfund resources in order to effectively forecast Superfund cleanup resource needs. The Study suggested areas where more effective cost estimating, planning, distribution, and utilization of Superfund resources would make more resources directly available for site cleanup.

The recommendations under Effective Financial/Resource Management fall into five subcategories: (1) Budget Formulation and Planning; (2) Budget Execution; (3) Regional Resource Distribution/Management; (4) Special Accounts Management; and (5) Remedy and Response Cost Management.

2.1 BUDGET FORMULATION AND PLANNING

Background:

As part of its internal budget allocation process, EPA set up distinctions and definitions for Superfund dollars, which are used today by Congress and OMB. These definitions have become self-imposed limitations, resulting in unnecessary internal transaction costs when money needs to be moved around or funds “transformed” for different uses.

Recommendations and Actions:

Recommendation 14: Simplify the Budget. OSWER and the Regions, in coordination with OCFO, should identify ways to simplify the internal budget structure so that funds can be used as efficiently as possible.

Action: No action will be taken to implement this recommendation for FYs 2005 or 2006. The Agency does not believe that the current budget structure constrains the efficient use of Superfund resources. OSRTI, OSRE, and OCFO will discuss the value of developing options for budget simplification for possible implementation in the FY 2007 budget process. (*OSRTI and OCFO*)

Recommendation 28: Plan Early for Mega-sites. OSWER and the Regions should establish a process for national review of the scope of potential mega-sites at the time of listing to ensure that sites are properly characterized as early as possible and out-year funding needs are accurately forecast as part of the development of the President’s budget.

Action: Because this is an ongoing activity, no additional action will be taken against this recommendation. The OSRTI national NPL Tiering Panel currently identifies potential mega-sites for use in the Assistant Administrator's (AA) OSWER-proposed NPL briefings. When a site is presented to the NPL Tiering Panel, the Region is specifically asked whether the site has the potential to be a mega-site. *(OSRTI)*

Recommendation 52: Transfer PRP oversight to OECA. For budget planning and execution purposes the study recommends that OECA return to a common-sense definition that includes oversight of PRP actions as an enforcement activity which will improve FTE utilization.

Action: OSRE plans to take no action on recommendation 52 as it was based on the erroneous assumption that the current lapse of FTE in the Enforcement Program is due to that fact that removal and RI/FS oversight responsibilities were transferred from OECA to OSWER in the mid-1990s without the commensurate transfer of resources/FTE. However, in a memo dated December 14, 1994, 105.6 FTE and \$22,971,000 were transferred from OECA to OSWER to cover this transferred function. Thus, transfer of this function back to OECA without the commensurate redirection of resources would not resolve the issue identified in the report. *(OECA)*

Key - Recommendation/Option 103: Reduce Costs to Meet Numerical Targets. *Option 1:* Pro-rata cut – The Agency should execute an across-the-board, pro-rata cut based on an estimated need for remedial action funding, and should make exceptions only on an extremely limited basis. *Option 2:* Targeted Cut – The Agency should mandate specified numerical reductions, but target the reductions by amount and organization. *Option 3:* Hybrid Approach – The Agency should set numerical targets in a tiered structure to achieve a hybrid of Option 1 and 2. *Option 4:* No Initial Cuts – The Agency should make no cuts initially until it has implemented some of the Programmatic and management recommendations.

Action: The Agency has decided to implement Option 4 in the FY 2006 budget process. *(OSWER, OECA, and OCFO)*

Recommendation/Option 106: Implement One Allocation for all Response Activities to the Regions. To maximize resources for multi-year plans and provide incentives for cost efficiencies during implementation, OSWER should consider funding the Regions one allocation for all response activities

Action: No action will be taken against this recommendation. The Program will continue with the current process in order to ensure efficient allocation of Program resources. *(OSRTI)*

Recommendation/Option 107: Transfer Management and Support to the Environmental Programs and Management (EPM) Appropriations. *Option:* EPA could begin work on developing a long-term plan for transferring Superfund management and support costs to the EPM appropriation.

Action: No action will be taken against this recommendation. After investigating the possibility of implementing this plan, OCFO determined that the option is not feasible. (OCFO)

Recommendation/Option 108: Return Deobligated Dollars to the Regions. OSWER, working with the Regions, should revise the deobligation policy to increase the ratio of deobligated dollars returned to the Regions (e.g., to 50/50) with the proviso that a high percentage of the funds be directed to remedial action or removals at NPL sites.

Action: No action will be taken against this recommendation. The Program will continue with the current policy of returning 25 percent of deobligated dollars for Regional funding needs. (OSRTI)

2.2 BUDGET EXECUTION

Background:

The Regions perform many activities that are charged site-specifically. Consistent and accurate site-specific charging strengthens the Program's cost recovery by ensuring that PRPs pay their appropriate share of site cleanup costs. It also helps EPA demonstrate to Congress and the public that the Agency is using its Superfund funding to conduct site-specific work, as opposed to costs that cannot be allocated to specific Superfund sites, such as research. Within EPA, increasing site-specific charging will reduce overhead by properly accounting for hours and will reveal resource misallocations or adjustments that may be needed.

Recommendations and Actions:

Key - Recommendation 21: Deobligate FY 2004 Funds. EPA Regions and Headquarters should establish a schedule for FY 2004 deobligations and initiate actions immediately so the funds will be available during this fiscal year.

Action: The work suggested by this recommendation is being implemented. The Program continuously evaluates all Superfund resources that might be available for deobligation in State contracts, special accounts, interagency agreements, and expired contracts. Deobligations are made and allocated to new start RA projects. \$67 million has been targeted for deobligation in 2005. (OSRTI)

Key - Recommendation 66: Analyze Superfund Charging. OCFO should analyze the Superfund charging across the Agency to ensure the use of approved methodologies and gain a better understanding of the variations.

Actions: All Program Managers who use Superfund Layoff methodologies will be asked to resubmit their methodology to OFM for review. A phased approach could be taken to

ease the workload burden of this undertaking, with a goal of completing such a task over the next year. (OCFO/OFM)

Key - Recommendation 67: Set a Site-Specific Charging Goal. OECA should set a site-specific charging goal (e.g., XX percent) tailored for each Region. To ensure progress toward that goal, OECA should ask the Regions to submit three-year implementation plans and establish a system to track the performance of those plans.

Action: OECA, OSWER, and OCFO have concluded that there should not be a definitive Region-specific percentage or goal for Superfund site charging because of numerous varying factors, i.e., holidays, training, non site-specific projects, etc. The National effort concluded that we should not set a site-specific charging for each Region, but instead ensure full compliance with site-specific charging when working on a matter related to a specific Superfund site.

A national efficiency measure for site-specific charging has been adopted. After researching this issue on the Regional level, it was concluded there should not be a definitive Regional percentage or goal for Superfund site charging because of number of varying factors such as holidays, training, non-site-specific projects, etc. (OECA)

Key - Recommendation 68: Support Site-Specific Charging. Key Program Offices (OCFO, OECA, and OSWER) should review the new payroll system to determine if there are opportunities to make site-specific charging easier and more user-friendly.

Action: The new PeoplePlus (PPL) payroll system has gone live. Prior to this occurring, a work group was established to identify problem areas with the system. The group was able to get a number of issues addressed, but they are still working on getting other issues resolved. Ultimately, PPL will make site-specific charging easier by showing account codes/descriptions on the screen; displaying a user-defined description of account codes, if a description exists; making dates more visible on the screen; and reducing keystrokes. (OCFO)

2.3 REGIONAL RESOURCE DISTRIBUTION/MANAGEMENT

I. Sharing Regional FTEs and Resources across Regions

Background:

Nationally, the Superfund Program has the skills and resources that have resulted in cleaning up almost 900 NPL sites and conducting more than 7,000 removal actions. However, since the FTE distribution by Region has remained relatively unchanged since the early 1990s, some Regions have been able to complete more of their Superfund workload than other Regions. For example, the Emergency Response Program has been more focused nationally since September 11, 2001, with emergency response assets in each Region strategically aligned to help respond to larger-

scale emergencies in other Regions. Post-construction work has also grown significantly as more and more sites reach construction completion.

Certain Regions clearly have developed strong Programmatic capabilities in certain key areas (e.g., PRP searches and contracting) relative to other Regions. In some instances, one Region has a strong capability, but over time forecasts a decreasing need for that capability, while another Region has that same need but has fewer FTE to do the work.

In addition, with the number of sites moving from RI/FS and design to construction, and in light of funding constraints, some managers believe more activities should be accomplished by RPMs and other staff in the Regions, rather than by contractors. In some Regions, the Superfund Program appears to have grown used to relying heavily upon contractors or other federal agencies. One issue that was raised in talking to the Regions is that when similar work is done under RCRA or in the EPA Water Program, more of the work is performed in-house. Increased direct oversight of response activities by RPMs also can strengthen the RPMs' technical and managerial skills.

Recommendations and Actions:

Recommendations 16, 17, and 47: Share Work Across Regions. All NPMs with Superfund resources should evaluate and pursue opportunities for greater resource or work sharing among Regions (Rec. 16). The lead Region should facilitate a process that takes advantage of capabilities already developed and demonstrated in areas of Programmatic specialization by encouraging Regions with needs in these areas to obtain support from the Regions with the capability and capacity to take on more work (Rec.17). The Regions should evaluate options for completing all work at each site, making the fullest appropriate use of in-house capabilities, to maximize the use of contract dollars and resources and to support staff professional development (Rec. 47).

Action: These recommendations are considered to be a priority. The Regions are interested in sharing expertise with each other; however, it is not clear if the Regions have the available or excess capacity to share their expertise or specialization (e.g., detail assignment of a staff person to work in another Region or to provide training to another Region). These recommendations were discussed at the July and November 2004 Division Directors' meetings. By the third quarter, FY 2005, the Regions will select one or two pilots to test the viability of sharing work across the Regions, and by the fourth quarter the Regions will implement best practices, as appropriate. The Regions suggested that Recommendation 47 be considered a sub-set of Recommendation 17, where Regions with certain expertise and available capacity be tapped to help out other Regions that are in need of assistance. (*Lead Region*)

Recommendation 31: Adopt Best Practice Approach. OSWER should encourage more Regions to adopt the best practice (or "one list") approach to help ensure that the collective resources of EPA and the States are being utilized to achieve the greatest benefits.

Action: No specific actions are planned for this recommendation. The One Cleanup Program Site Assessment Task Force held one conference call. STSIB and others will continue to highlight related regional activities, such as Region 3's Unified Phase Assessment and Region 4's 'Front Door' approach, at the applicable meetings. *(OSRTI)*

Recommendation 50: Contract Laboratory Program (CLP) and Environmental Services Assistance Team (ESAT) Resources. OSWER and the Regions need to have a national dialogue to pursue flexibility between resources allocated between CLP and ESAT contracts to encourage greater cost effectiveness.

Action: Thus far, national dialogue has included three Field and Analytical Services Teaming Advisory Committee (FASTAC) conference calls and a face-to-face meeting in Summer 2004. In addition, on November 17, 2004, Superfund Division Directors (DDs) were briefed on a range of related issues, including options for addressing potential FY 2005 funding shortfalls to CLP and ESAT. The Regional Lab Directors discussed these same issues in December. These discussions also considered the challenges for the Program in better managing spending via the Remedial Action Contract (RAC), the Superfund Technical Assessment and Response Team (START), and other Tier 4 contracts. A small group comprising senior managers is being formed to follow up on the funding issues raised at the DDs' meeting. This group will include and/or inform members of the FASTAC Directive implementation work group. *(OSRTI)*

Recommendation 51: Forecast Long-Term Analytical Needs. The Superfund Division Directors and the Regional laboratories should forecast the long-term analytical needs for the Program, and should investigate whether the Centers of Applied Science approach would be appropriate for the Program. Wherever possible, they should encourage the sharing of expertise and equipment purchases among Regions.

Action: No additional action will be taken against this recommendation. In July, August, and September 2004, FASTAC discussed this concept during three conference calls and in a face-to-face meeting. At the August meeting, FASTAC generated ideas that were designed to contribute to a Regional Lab Directors' discussion on this topic in October. The Lab Directors did meet in October to discuss the concept. As a result, they plan to respond with recommendations that should increase the effectiveness and efficiency of the labs. However, it should be noted that while "sharing" across the Regions has occurred in the past, and is expected to occur in the future, in general, both FASTAC and the Lab Directors believe that this is not likely to be practical on a large scale. *(OSRTI)*

Recommendation 60: Improve Tracking and Cost Recovery. To improve the tracking and recovery of removal costs, Regions that have not invested in field administrative specialists should develop this expertise, or find other ways to accomplish the same goal.

Action: This recommendation is being implemented in Regions, as appropriate. No additional action will be taken on this recommendation. *(Lead Region)*

II. Evaluating FTE Allocation

Background:

Overall FTE allocation among the Regions must be revisited more fundamentally. In the early 1990s, the Agency chose to no longer redistribute staff positions across the Regions on an annual basis, effectively “freezing” the number of positions each Region receives. Therefore, baseline FTE allocation has not been adjusted even though workloads have changed. A strong perception—at the very least—remains that some Regions continue to reap a windfall from this “frozen” FTE allocation. The Agency has begun to develop workforce strategies that will assist every organization with evaluating its current workforce’s skills and abilities and with planning for the Superfund Program’s short- and long-term needs.

By design, the Regions conduct the bulk of the Superfund Program’s work. When Superfund was in its infancy, it was appropriate for Regional implementation to be supported and guided by a strong, centralized programmatic policy and oversight apparatus. Although Headquarters offices have reduced staffing levels in recent years, the question arises as to whether the current level of Headquarters staffing and skill mix is appropriate, now that the Program has matured.

Recommendations and Actions:

Key - Recommendations 19 and 20: Prepare for FY 2007 Staff Redistribution and Direct Headquarters Resources to Cleanup. The Agency should execute other smaller-scale adjustments as appropriate, and begin setting the stage now for redistributing staff positions in FY 2007, after the consolidations, specializations, and results of benchmarking have been reviewed and incorporated (Rec. 19). The Agency should evaluate Headquarters Superfund FTE and make every effort to redirect resources to activities that more directly contribute to site cleanups (Rec. 20).

Action: The Agency will be undertaking a workforce analysis to guide future allocation of FTE resources. (OCFO)

III. Pursuing the Superfund Alternative Sites Approach

Background:

Under the SAS approach, EPA oversees PRP response actions at sites that are eligible for NPL listing but are not listed. The benefits of this approach are prompt cleanup of high-risk sites, reduced need for EPA funding, and savings in time and energy otherwise required for site listing. Nevertheless, EPA still expends resources for oversight and, in many cases, for some of the site characterization. Such use of resources may take assets from NPL cleanups in the Region or elsewhere in the country. Moreover, because the Alternative Sites have not been subjected to any national priority ranking process, EPA has not demonstrated clearly the appropriateness of addressing Alternative Sites relative to funding work at existing NPL sites.

Currently, Regions vary in their use of SASs. Some promote the approach strongly, while others view it cautiously or find it too confining to be worth pursuing. PRP groups support some sort of alternative to the NPL, but because the current SAS approach closely mirrors the National Contingency Plan (NCP) process with little perceived benefit to them, they do not support it enthusiastically. Among the criticisms heard during interviews were a lack of transparency on site assessment and information on pre-scoring, and inconsistency among Regions, leading some interviewees to characterize the approach as being subject to abuse. From their perspective, at least an NPL site goes through rigorous quality control and due process before listing. Many believe that clearer expectations and criteria should be established nationally for Superfund Alternative Sites.

Recommendation 26: Prioritize Superfund Alternative Sites. The Regions should establish and implement a process by which SASs are prioritized along with their NPL sites to ensure that response funds are being spent on the sites with the highest risk.

Action: OSRTI recommends that no additional action be taken against this recommendation in favor of existing Regional decision processes. Many Regions have created Regional Decision Teams (or similar mechanisms) to look at all sites and determine the best disposition for each (e.g., federal, State, other cleanup program).
(OSRTI)

2.4 SPECIAL ACCOUNTS MANAGEMENT

Background:

As important as it is to strengthen and maintain cost recovery programs across the country, it should be an even higher priority to take advantage of opportunities to reduce the need for future cost recovery actions and to focus cost recovery efforts where they are most needed. Establishing and effectively using special accounts is one such opportunity. The Regions have done an excellent job of negotiating with PRPs to include special account provisions in consent decrees. A few Regions have established special accounts for nearly every settlement they reached in the last year. Settlements establishing special accounts have collected \$1.1 billion to pay for future response actions and have generated an additional \$177 million in interest.

However, when it comes to using the money in special accounts, there appears to be a fairly significant variability in the Regions' understanding of appropriate uses and the potential benefits. For example, one Region was surprised to learn that special account funds could be used to pay site-related Agency payroll expenses.

Recommendations and Actions:

Key - Recommendation 15: Allocate Special Account/State Cost Share Funding. OSWER and OECA should include special account and State cost share as they allocate funds internally and communicate funding availability.

Action: OSRTI is currently looking at special accounts, SSC balances, and every other possible source of funding when negotiates with the Regions and when resources are allocated to the Regions. This is an ongoing activity and part of the yearly work planning and allocation process. The FY 2005 Work Planning memo to the Regions will emphasize the use of special accounts for site cleanup. OSWER and OECA will send a memo to the Regions explaining the incorporation into the annual allocation process. (OSRTI)

Key - Recommendation 61: Update Special Accounts Guidance. OECA and the Regions should discuss the current special account guidance to determine if additional clarification is necessary to maximize the use of special account dollars.

Action: Following a Regional call with special accounts contacts in June 2004, and discussions at the Cost Recovery Conference in August 2004, OSRE will meet with OCFO to determine the need for additional special accounts guidance. A Special Account Management memo will be drafted and finalized to address any outstanding issues. (OECA)

Key - Recommendations 62 & 96: Report on Special Accounts. Regions should track, and periodically report to Headquarters, how much special account money they are using annually and how they are using it (Rec. 62). OECA and OCFO should design reports that clearly describe the use and status of special accounts, and provide them to managers in the Regions and Headquarters on a regular basis (Rec. 96).

Action: A Special Account Tracking System already exists that provides information on the use of special accounts, including site-specific amounts deposited, disbursed, obligated, and still available; these reports are updated quarterly. This system has been recently updated to provide additional reporting capability (e.g., it now can provide the cleanup status for each site with a special account). OSRE/OCFO/OSRTI will develop a site-specific template where Regions can identify the activities that the special account has been used to fund in the past, as well as plans for using the special account in the future. (OECA)

Key - Recommendation 95: Develop Special Account Fact Sheets. OCFO should develop fact sheets on setting up special accounts, utilizing special account dollars, and closing out the accounts.

Action: OSRE and OCFO will draft, review, and comment on fact sheets. OSRE will have the lead on fact sheets concerning policy/guidance, while OCFO will have the lead on financial issues. *(OECA/OCFO)*

Key - Recommendation 97: Use Old Special Account Funds. OECA should identify the oldest special accounts and then meet with the Regions to discuss uses of those dollars and progress towards using them.

Action: As part of Recommendations 62 and 96, OSRE will develop a site-specific template to identify the activities that the special account has already been used to fund, as well as plans for future use of the special account. Once the template is designed, priority will be provided to performing the analysis on the oldest special accounts. *(OECA)*

2.5 REMEDY AND RESPONSE COST MANAGEMENT

1. Integrating Site Assessment Programs

Background:

With the creation and rapid growth of EPA and State Brownfields Programs, issues have been raised about whether the Superfund Site Assessment Program warrants changes. Is there still a need for the number of NPL listing-oriented assessments that are being conducted, given the Site Assessment Program under the Brownfields Program? Could the two Site Assessment Programs work together in a more complementary way to enhance program effectiveness and reduce costs? If so, how?

Another area where better integration would be beneficial is prior to NPL listing. When RI/FS work and “enforcement first” activities can proceed prior to NPL listing, the Agency can make progress at sites much more quickly. For example, data gathering that is planned and conducted with a view not simply to listing the site but also to selecting a remedy represents a more efficient use of resources. To the extent the Program gathers more of the necessary data the first time, it can speed up work on the site and address site risks or other community concerns. The art lies in discerning likely NPL sites early enough in the pre-remedial stage to judge where to invest the additional resources sooner than would be typical. In an effort to do this, some

Regions use a team approach for certain sites so that SAMs and RPMs develop the data they need concurrently. In other Regions, the States do all of the site assessments and have integrated voluntary and traditional site assessment programs.

Recommendations and Actions:

Recommendation 29: Review Brownfields/Superfund Site Assessment Criteria. OSWER should examine its site assessment criteria to ensure that the Regions are integrating the Brownfields site assessment objectives into the Superfund site assessment process in order to capitalize on potential Programmatic efficiencies and resource savings. The Regions should continue to coordinate grant funding for site assessment work under the Brownfields Program and State programs.

Action: Because this work is ongoing, no additional action will be taken against this recommendation. Superfund site assessment and Brownfields site assessment are two completely different programs, budgets, and statutes. The Superfund and Brownfield Offices meet regularly to coordinate their respective activities. *(OSRTI and the Office of Brownfields Cleanup and Redevelopment [OBCR])*

Recommendation 30: Integrate Site Assessment and Remedial Activities. The Regions should continue to make a standard practice of integrating site assessment work more fully with early-stage remedial work to expedite remedial activities and save resources. At the Regional level, give greater support to the use of SAM/RPM teams in order to move targeted pre-NPL sites more quickly and appropriately into the remedial pipeline.

Action: Integrated site assessments and expanded site assessments are now routine when appropriate. No additional action will be taken against this recommendation. *(Lead Region)*

II. Examining the Role of the National Remedy Review Board and the Cost of Site Work

Background:

The selection of high-dollar remedies led to the formation of the National Remedy Review Board (NRRB). While the NRRB has reduced the cost of newly selected remedies, interviewees believe greater savings could be achieved if the NRRB reviewed a broader universe of sites and site remedies. In addition, after remedies are selected (with or without NRRB review), selected remedies are not revisited to monitor the success and cost of their implementation. Sites that are reviewed by the NRRB are not analyzed with an eye as to whether the remedy is being implemented in the most cost-effective manner. Both OSWER and the Study Team examined the role of the NRRB and both groups reached similar conclusions.

A mid-process review of costs can optimize LTRAs and thus reduce costs. The initial Pump-and-Treat “Optimization Reviews” have been well received by both EPA and the States, and there appears to be value in expanding the expectation for these project reviews. Lessons learned in one Region or at one site need to be shared across the nation so that the same benefits can be realized across the Program as quickly as possible.

The NRRB serves in an advisory nature to the Regions, per the charter, and submits recommendations for consideration. These recommendations are often incorporated into the remedy, but are at the discretion of the Regions. Comments were received that suggested there should be consultation with OSWER when a Region deviates from the Board's recommendations.

Recommendations and Actions:

Key - Recommendations 37 & 38: Enhance NRRB's Role. The NRRB's work has resulted in reduced costs for selected remedies. OSWER should re-evaluate the criteria for identifying sites for scrutiny by the NRRB, with an eye toward expanding the number of sites undergoing review. One approach for expanding the number of sites may be to lower the estimated remedy cost threshold, while another may be to look at factors beyond a cost threshold, perhaps to include technology types, site uniqueness factors, or issues of national significance (Rec. 37). In addition, the Charter of the Board regarding accountability for implementing its recommendations made to the Regions should be revisited in light of the maturation of the Program and the Board's changing role (Rec. 38).

Action: OSRTI will analyze the number of Records of Decision (RODs) signed each year since the NRRB's inception to identify trends, and determine whether the NRRB has met its initial target of reviewing 10 percent of the decisions each year. A memo has been drafted that lowers the threshold of the NRRB's involvement from \$30 million to \$25 million. (*OSRTI*)

Recommendation 39: Require Value Engineering. To ensure cost-efficient engineering of remedies, OSWER should require value engineering (review of design detail for cost efficiency) as a requirement for all remedies above a certain dollar level. As an example, particular attention should be paid to the energy and staffing costs of various designs for groundwater pump-and-treat facilities.

Action: OSRTI will conduct at least two value engineering pilots. OSRTI will also develop and issue a fact sheet explaining the value engineering process and benefits and a training module for EPA Regions that pertains to the value engineering process. (*OSRTI*)

Key - Recommendation 40: Conduct Long-Term Response Reviews. OSWER should consider cost reviews of every site with an LTRA to reduce remedy costs. Cost saving approaches should be shared across the Regions.

Action: In August 2004, OSRTI established its commitment to routine optimization in a new policy entitled, "Action Plan for Ground Water Remedy Optimization" (OSWER 9283.1-25, August 25, 2004) OSWER will consider all LTRA groundwater restoration projects when identifying priority sites to receive an optimization evaluation. Optimization is intended to encourage systematic review and modification to existing groundwater pump-and-treat systems in order to promote continuous improvement and enhance overall remedy and cost effectiveness. An Action Plan which outlines a process

for prioritizing the LTRA projects to receive Remediation System Evaluations (RSEs) will result in site-specific recommendations for system improvement and cost savings. A database will be developed as part of an interagency effort through the Federal Remediation Technologies Roundtable. The RSE reports will be collected and distributed as part of a broader effort to manage information on optimization of performance and long-term site management. (OSRTI)

III. Reviewing Specific Records of Decisions

Background:

One of the most significant decisions that the Agency makes in cleaning up a site is the remedy selection. Some sites with remedies selected many years ago, prior to creation of the NRRB and implementation of other Superfund remedy reforms, have not had their remedies constructed. New technology and experience may warrant a different, more efficient cleanup approach. At PRP-lead sites, remedy modifications have been common because the PRPs have great incentives to consider and evaluate potential cost efficiencies that achieve cleanup goals. Many EPA project and program managers have not perceived the same incentives to re-evaluate selected remedies at Fund-lead sites. Now, as budgets have become tighter, looking closely at selected remedies and considering appropriate updates is a potentially critical activity.

Recommendations and Actions:

Recommendation 41: Review RODs. OSWER should set up a review team of Headquarters and Regional staff to make sure that selected remedies at sites incorporate technology and the most cost-efficient cleanup approach based on experience, since the remedies' selection.

Action: Two sites have been selected as pilots: Summitville Mine, Region 8, and Vineland, Region 2. OSRTI senior managers are focusing on the remedies proposed for these sites, primarily because of cost and complexity of the issues surrounding these sites. They are reviewing past and proposed activities, with lessons learned that may be applied to similar analyses at other sites. (OSRTI)

Recommendation 42: Identify and Share Successful Remedies. OSWER and the Regions should identify a limited number of common site types and successful designs, and make them available to the Regions for remedies at similar sites. **Recommendation/Option 105: Use Presumptive Remedies and Generic Designs.** *Option 1:* To determine how the Agency has historically developed presumptive remedies, OSWER or the Regions should conduct a lessons learned analysis of how previously identified presumptive remedies were developed and disseminated and determine if those lessons learned can help today. *Option 2:* OSWER should expand presumptive remedy guidance to include more detailed technical designs to speed cleanup and reduce study and design costs.

Action: OSRTI will investigate the potential for making available successful remedies for standard site types. This will be discussed with representatives from the Corps of

Engineers and engineering/design firms to determine what can be done and to assess the utility of different options. There will be consideration of whether different design components are potentially useful or whether they are too site-specific. Also, the investigation will consider how this information could be accessed. Findings will be documented along with recommendations. (OSRTI)

IV. Choosing a Funding Mechanism and Providing Oversight

Background:

To clean up a site, the Agency has four options: (1) use a current EPA contract, such as a remedial action contract; (2) award a new site-specific contract; (3) enter into an IAG with another federal agency; or (4) award an assistance agreement to a State. When selecting a mechanism, EPA should take into account the needs of each particular site, the available capacity for the work, the capability of the provider, and the overall cost of the various approaches. Recent data suggest that Regions are using all of these options. In FY 2003, the Agency obligated approximately 56 percent of its remedial action funding to IAGs, 36 percent to contracts, and 8 percent in grants to States.

In many Regions, it appears that RPMs decide whether an IAG, contract, or grant will be used to clean up a site. Because of the importance of this decision to the total cost of a site and the effect on many other areas, including Regional contract capacity and state relations, many interviewees suggested that senior Regional managers should be more consistently involved in this selection decision. In addition, by visiting the site regularly, the RPM can determine first-hand how the work is being conducted, and will be better prepared to deal with any cost or work issues raised by contractors or personnel from other federal agencies.

Recommendations and Actions:

Recommendation 43: Ensure Senior Managers Help Select Cleanup Mechanism. Regional senior management should be involved in selecting the cleanup mechanism (e.g., other federal agency, remedial action contractor, or state) to ensure that funds are being managed as effectively as possible.

Action: This recommendation is already being implemented and therefore no additional action is planned at this time. (*Lead Region*)

Key - Recommendation 44: Conduct On-Site Oversight. Regional management should encourage RPMs to conduct appropriate on-site oversight during construction to monitor the activities performed by contractors, other federal or state agencies.

Action: The Regions will be asked to submit a summary of their current practices to the lead Region, who will collect results and distribute them to all Regions and Headquarters for Regional implementation of best practices, as appropriate. (*Lead Region*)

Recommendation 49: Implement FASTAC Approach. The Regions should fully and consistently implement the approach proposed by the FASTAC for cost-effective analytic support for both the remedial and removal programs.

Action: OSRTI will initiate a new series of teleconferences with Regional managers to consider ways to encourage/oversee FASTAC strategy implementation by: convening face-to-face meeting(s) to explore implementation issues; developing options; discussing next steps, and issuing a revised OSWER FASTAC Directive. *(OSRTI)*

Recommendation 65: Develop Cost-Benefit Analysis for RODs. OSWER should examine the feasibility of using a more quantitative cost-benefit methodology for selecting technology innovation projects, since resources are so limited in order to further improve Program effectiveness.

Action: The procedures for selecting remedies are given in the NCP. By regulation, remedies are chosen using a cost-effectiveness determination based on consideration of the nine criteria. No further action will be taken against this recommendation as the work is ongoing. *(OSRTI)*

Recommendation 69: Build Cost Analysis Expertise. The Regions should continue to build cost analysis expertise.

Action: On June 1, 2004, a memo was issued by OSRTI addressing this recommendation. The purpose of the memo was to provide information about the resources available to assist work assignment managers (WAMs) in the preparation of independent government cost estimates (IGCEs) for Superfund site projects. *(OSRTI – Complete)*

V. Benchmarking

Key - Recommendations 18 & 101: Remedial Pipeline Benchmarking. The Agency should conduct benchmarking studies of Regional performance in both management and programmatic areas to ensure that all aspects of the program are focusing on improving performance. Once an activity is benchmarked, relevant offices should develop measures to ensure that underperforming Regions improve their performance to benchmarked levels. Those measures could then be used as standards for performance.

Action: OSRTI will evaluate available information, work outputs, and work outcomes to determine/identify appropriate Regional performance benchmarks that can be quantified. These benchmarks will include performance indicators for both management and programmatic activities. Benchmarks should be applicable across all Regions. This project is comprised of four phases:

- Phase I - Document frequently used outputs and outcomes, categorize whether the output or outcome is of programmatic or management nature, and resolve issues related to benchmarking.
- Phase II - Using the data collected in Phase I, develop potential quantitative and qualitative benchmarks based upon the criteria for site-specific pipeline cleanup activities such as RI/FSs, RDs, RAs (durations data), financial management activities (e.g., percent of funds expended within three years), PRP searches, and other applicable activities.
- Phase III - Analyze data to determine how each Region measures against the benchmarks, identify Regional leaders in each area evaluated, and develop a plan to transfer best practices to Regions and foster opportunities for innovations in getting work done more efficiently.
- Phase IV - Evaluate whether integration of benchmarking and best practices improved program performance. (*OSRTI*)